

Synthesis from the East African Dairy Expert Consultation (EADEC) held in Uganda by the Inter Agency Donor Group (IADG)

1. Jan van der Lee, Centre for Development Innovation, Wageningen UR.
2. Nathaniel Makoni, ABSTCM Ltd
3. Raphael Mwai, PPD Consultants
4. Tsehay Redda, EDBD Services
5. Akke van der Zijpp, Wageningen University
6. Sarah Mubiru, SNV, Netherlands Development Organisation

Abstract

The Inter Agency Donor Group (IADG) organised an East African Dairy Expert Consultation (EADEC) to identify strategies for effective coordination of development agencies on dairy development in East Africa and identify investment areas in dairy value chains. This followed the 14th IADG Annual Meeting on "Pro-poor Livestock Research and Development" and an East African dairy study "White Gold: Opportunities for Dairy Sector Development Collaboration in East Africa" commissioned by IADG. The East African Dairy Expert Consultation (EADEC) of the Inter Agency Donor Group held in Uganda from 1st to 3rd April 2014 developed some specific recommendations for donors as well as 8 areas for additional investment in dairy value chains in the region. Major donor recommendations included: (1) sharing of information among themselves on investments to be made – at country and regional level; to avoid both overlap and gaps; (2) focusing on joint learning and best practices (3) coordination of plans with national governments (4) adapting their investments to private sector to avoid market distortion and (5) advise agencies/projects implementing on their behalf to take appropriate action on these three issues. The donors present agreed that better coordination is indeed important, especially in the field of "joint learning" and where appropriate, in aligned and coordinated involvement in dairy policy discussions. It emerged from the discussions that with the changing role of donors (to "enabler and co-investor"), there is less need for the more traditional mechanism of donor coordination and much more for agreeing on and advocating best practices and approaches. Eight areas identified for additional investments and actions were: (1) cost effective fodder production and utilisation for increased milk production (2) improved breeding for enhancing quality and quantity of dairy cows (3) improvement of cattle health management systems and their delivery (4) strengthening of farmer organizations and access to finance (5) safeguarding and rewarding good quality milk (6) conducive policies through improved availability of data on farm/firm, chain and sector level (7) competent farmer families, staff and entrepreneurs along the chain and (8) sustainable intensification particularly in relation with use of biogas and closing of the nutrient cycle. Follow up on these recommendations through national level consultations was identified as a prudent way forward to the consultation.

Key Words: Dairy, East Africa, IADG, Investments

1. Introduction

In May 2013, the 14th Annual Meeting of the Inter-Agency Donor Group (IADG) on pro-poor livestock research and development focused on the topic "Development of Livestock Value Chains through strengthened Public-Private Cooperation". A number of development agencies (IFAD, ASARECA, BMGF, ILRI, Netherlands government) informed the meeting on their activities in the dairy sector in East Africa. It was agreed that better coordination by development agencies on dairy development would result in greater impact from all parties and contribute more effectively to the development of the dairy sector as a whole in East Africa. The Netherlands offered to take the lead in organizing a trajectory geared at exploring possibilities for coordination and for creating synergy within the different countries and possibly across countries.

It was suggested to include the following countries: Tanzania, Kenya, Uganda, Rwanda, Burundi, and Ethiopia. Focus was to be on commercializing dairy value chains. For purposes of following up this collaborative effort, it was agreed that a study be carried out to provide current information on that would develop basis for decision making on potential high impact investment areas and thereafter hold an Expert Consultation in the region. The study was carried out in the last half of 2013 and the Expert Consultation held 1-3 April in Uganda. A brief description of the processes adopted and syntheses of both the study and the Expert Consultation are documented below specifically for sourcing feedback from broader groups of dairy stakeholders in the region.

2. Process

2.1. Study

This included review of secondary data and interviews with key informants which included farmers and farmer organisations, traders, transporters, processors, input suppliers, researchers, policy makers, training institutions, Government ministries and agencies, private companies, NGOs and development partners. This was done in all the 6 countries; Tanzania, Kenya, Uganda, Rwanda, Burundi, and Ethiopia. The information was analysed and a report "White Gold: Opportunities for Dairy Sector Development Collaboration in East Africa" was produced. The results of the study were presented, by Dr. Nathaniel Makoni on behalf of the study team, as a precursor to the discussion at the Expert Consultation.

2.2. Expert Consultation

The Expert Consultation was held from 1st to 3rd April in Masaka and Mbarara in Uganda with participation of dairy stakeholders from all the 6 countries and representatives of development partners. The major objectives of the consultation were to offer opportunity to reflect with stakeholders on the study results and define as well as prioritise options for harnessing the opportunities in the East African dairy sector and the roles of the various partners in this effort. The event was officially opened by the Ugandan State Minister of Agriculture, Animal Industry and Fisheries (in charge of Livestock) Hon. Bright Rwamirama. Opening remarks were made by Mr. Geert Westenbrink from the Ministry of Foreign Affairs of the Netherlands who led the donor team.

The consultation begun with a presentation and discussion of the results of the study and other insights into the sector opportunities were generated through working groups, field visits to dairy value chain actors in SW Uganda, post field visit group reflections, prioritisation processes and test pitches to development partners.

3. Syntheses from Expert Consultation

3.1. Study results – constraints and opportunities – general and specific to countries

Challenges

- i) Low milk Consumption with per capita consumption ranging from 6 litres in Burundi to 99 in Kenya compared to the 200 litres recommended by WHO.
- ii) Low adoption of technology, poor infrastructure and market access
- iii) Low cow productivity: Feed and seasonal drop especially during the dry season
- iv) Inappropriate dairy breeds and herd size for smallholder business viability
- v) Limited research and extension
- vi) National and transnational disease control
- vii) Inadequate farm management
- viii) Limited official industry data
- ix) Inadequate financial services: hub integration
- x) Lack of conducive policies and incentives
- xi) Low female and youth involvement.

Opportunities

- i) Diversified approaches e.g. traders capacity and financing
- ii) Milk consumption campaigns and school milk feeding programs
- iii) Infrastructure, training programs
- iv) Beneficiary quotas, skills development, and empowerment
- v) Climate smart technologies and NRM
- vi) Policy studies & advocacy - land tenure, tax incentives
- vii) Design innovative financial products e.g. RDCP II Inspired (RDCP-Rwanda Dairy Competitiveness Programme)
- viii) Diversified approaches e.g. traders capacity & financing
- ix) Regional veterinary labs, surveillance and vaccine production
- x) Feed production
- xi) Breeding, extension and finance.

3.2. Priorities from the Expert Consultation

The largest opportunity in the region is the huge potential to produce large quantities of milk through simple improvements. There is a large potential market, provided that milk quality is improved, reduced transaction

costs lead to lower consumer prices, and milk consumption is promoted by both governments and industry bodies. Despite the huge potential that exists in the dairy sector, significant challenges continue to exist, in the areas outlined below:

- i. Availability and quality of feed & fodder was highlighted as the key constraint to increased production and productivity of dairy in the region. Public roles include research, development and enforcement of regulations and certification; private roles include expansion of feed business, fodder farming & trade, and link with processors and farmers to shape extension; farmers may see feed and fodder cropping as a business opportunity; service providers...
- ii. A variety of other production-related factors require due attention including i) quality of milk from cow to consumer; ii) availability of and access to land for production of feed & fodder; iii) breeding – country specific needs vary from increasing the availability of crossbred heifers to effectiveness of the public & private AI services; and iv) animal health - attention is warranted by the threat of zoonoses like tuberculosis, brucellosis, and food & mouth disease; threats to human health and trans-boundary trade call for effective national and regional public responses.
- iii. Innovative value chain linkages eg Large scale farms can play a larger role in linking smallholders to commercial value chains, as nucleus farms that provide inputs (like heifers and feed) and services (like bulking and extension); inclusion of smallholders is a chain-wide necessity (bulk supply and livelihood) in which processors, input suppliers, governments and NGOs can all play a role; smallholder inclusion and growth does not happen by itself however, and requires adequate incentives.
- iv. Informal marketing (which has to be stratified in categories like cottage industry, licensed traders, petty traders, etc.) was acknowledged for its crucial role in the current situations of wide market diversity, weak chain linkages, lack of infrastructure like roads and electricity, and sub-optimal enforcement of regulations. Licensing of traders is a hotly debated issue. Privatization, (self-) regulation, and enforcement are required for improvement of input- and outputs markets, including issues like quality of feed, veterinary services, and milk quality assurance. Slow formal value chain growth calls for diversified approach to development of informal sector. Also the crucial role of cooperatives and the governance and management of cooperatives as from a business perspective was underscored.
- v. Market development has to be achieved through measures like school milk feeding programs and milk consumption campaigns, but especially through product diversification that increase demand, and hence stimulate supply while contributing to improved human nutrition. The value of milk for human nutrition needs emphasis, particularly for children under 3. Prices may decrease when milk quality improves, milk losses decline and processing capacity is utilized. The milk consumption increase may also come naturally with the growth in the urban population and a middle class with disposable income that is evident in cities across the region.
- vi. Increasing women and youth participation in the value chain and increasing the benefits they derive from participation (e.g. in starting dairy farms, assisting farmers in fodder production, milk transportation and testing) was highlighted as a key sustainability concern, as were profitability and shared value along the dairy value chain, and the ecological footprint of dairy - manure management and water use are growing concerns.
- vii. Capacity development requires major efforts at different levels: from practical training to graduate level; from the input supply and farming to processing and retail; from farm/firm level to value chain services at sector level; capacity needs include the capacity to supply industry data on farm/business levels, value chain/market level, and sector level, which is notoriously weak and hampering sector development.

4. Way Forward

At the close of the Expert Consultation, it was agreed that the IADG provide feedback to the rest of their team on the outcomes of the study and consultation in their next meeting. Opportunities would also be sought to present the combined synthesis from both the study and the consultation to broader groups of stakeholders at various fora to source their feedback on the constraints and opportunities that were prioritised. The various dialogue and process platforms across the region were seen a valuable resource and it was agreed that they be used to enhance information and experience sharing and collaboration.